Government of Saskatchewan

Financial Statement 2000-01

Saskatchewan Correspondence School

102-02449/

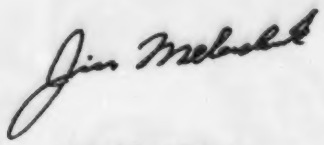
Letter of Transmittal

The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor
Province of Saskatchewan

Your Honour:

I have the honour to submit for your consideration the Financial Statements of the Saskatchewan Correspondence School for the year ending March 31, 2001.

Respectfully submitted:



Jim Melenchuk
Minister of Education

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2001

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Saskatchewan Correspondence School Revolving Fund as at March 31, 2001 and the statements of operations and accumulated operating surplus/deficit and changes in accumulated net recovery for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
August 31, 2001

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
Balance Sheet
As at March 31

ASSETS

	2001	Restated 2000 (Note 12)
Current assets		
Petty cash	$ 225	$ 225
Accounts receivable	126,013	113,984
Inventories	44,684	40,035
Prepaid expenses	1,551	693
	172,473	154,937
Capital assets (Note 6)	73,720	117,703
Accumulated net recovery (Statement 3)	231,665	203,337
	$ 477,858	$ 475,977

LIABILITIES AND EQUITY

Current liabilities		
Accounts payable and accrued liabilities	$ 132,742	$ 56,600
Unearned revenue	366,518	383,281
	499,260	439,881
Fund equity:		
Accumulated operating surplus/(deficit) (Statement 2)	(21,402)	36,096
	$ 477,858	$ 475,977

(See accompanying notes to the financial statements)

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
Statement of Operations and Accumulated Operating Surplus/Deficit
For the Year Ended March 31

	2001		Restated 2000
	Actual	Budget (Note 10)	Actual (Note 12)
Revenue:			
Sales	$ 240,893	$ 252,700	$ 254,573
Less: Cost of goods sold	123,645	162,000	111,010
Gross profit	117,248	90,700	143,563
Registration fees	109,405	105,000	119,125
Tuition	1,195,722	1,422,836	1,299,997
Other revenue	4,711	3,100	3,291
Total Revenue	1,427,086	1,621,636	1,565,976
Operating expenses:			
Salaries	1,585,286	1,611,499	1,599,656
Marking fees	37,844	100,000	53,140
Computer support and maintenance	115,834	131,800	83,425
Telephone expense	29,196	40,000	34,306
Advertising and printing	23,856	23,500	19,325
Amortization	55,194	80,000	107,418
Office and educational expenses	35,531	31,297	36,012
Postage	80,003	68,000	55,497
Other	16,840	26,800	23,614
Total Expenses	1,979,584	2,112,896	2,012,393
Net income/(loss) from operations	(552,498)	(491,260)	(446,417)
Subsidy from General Revenue Fund	495,000	495,000	495,000
Net income/(loss) (Note 8)	(57,498)	3,740	48,583
Accumulated operating surplus/(deficit), beginning of year	36,096	(10,084)	(12,487)
Accumulated operating surplus/(deficit), end of year - to Statement 1	$ (21,402)	$ (6,344)	$ 36,096

(See accompanying notes to the financial statements)

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
Statement of Changes in Accumulated Net Recovery
For the Year Ended March 31

	2001	Restated 2000 (Note 12)
Financing (provided by) required for operating activities:		
Net loss/(income)	$ 57,498	$ (48,583)
Items not affecting working capital		
- Amortization	(55,194)	(107,418)
	2,304	(156,001)
Net increase/(decrease) in working capital items related to operations (Note 7)	(41,843)	33,927
	(39,539)	(122,074)
Financing required for investing activities:		
Purchase of capital assets	11,211	43,058
Net increase/(decrease) in financing requirements	(28,328)	(79,016)
Accumulated net expenditure/(recovery), beginning of year	(203,337)	(124,321)
Accumulated net expenditure/(recovery), end of year - to Statement 1	$ (231,665)	$ (203,337)

(See accompanying notes to the financial statements)

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
Notes to the Financial Statements
March 31, 2001

1. Authority and Definition of Entity

The Revolving Fund was established April 1, 1990, pursuant to Section 11 of *The Education Act, 1995*. The purpose of the Saskatchewan Correspondence School Revolving Fund is to provide educational services at the high school level, Grades 9-12, to Saskatchewan residents through distance education.

2. Significant Accounting Policies

These financial statements have been prepared using generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Recovery and Note 7. The following accounting policies are considered significant.

a) Basis of Accounting

The accounts are maintained on an accrual basis of accounting.

b) Net Cash Expenditure/(Recovery)

The net cash expenditure/(recovery) is the total cash outflow from/to the General Revenue Fund. It represents the total annual financing requirements resulting from the net capital acquisitions, working capital changes and net cash flows from operations.

c) Accumulated Net Expenditure

The accumulated net expenditure of the Revolving Fund includes the following:

i) Net expenditure/(recovery) for each fiscal year; and

ii) The book value of assets acquired at no charge from another government agency.

d) Capital Assets

Capital assets are recorded at cost. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations and accumulated surplus. Donated equipment is recorded at fair market value.

Amortization is provided on office and audio/visual equipment on a straight-line basis at an annual rate of 20% from the date of acquisition. Computer software and hardware are amortized at an annual rate of 25% from the date of acquisition.

e) Inventory

Inventory is valued at the lower of average cost and net realizable value.

f) Revenue recognition

Revenue from tuition fees is recorded in income as the services are provided.

3. Authorized Financing

Section 11(12) of *The Education Act, 1995* provides for a maximum amount of accumulated net expenditures which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. By Order in Council 776/90 the maximum amount has been set at $1,200,000.

4. Accumulated Operating Surplus/Deficit

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/deficit. If the amount falls above or below the limit specified by Treasury Board , management is responsible to present a plan to address the excess surplus/deficit for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. The limit of the Correpondence School Revolving Fund is $100,000.

5. Tuition Fees and Other Related Costs

The Revolving Fund's Correspondence School tuition fees and other related recoverable costs are described in the annual Correspondence School Calendar. These costs and tuition fees are reviewed periodically with the view to operating the Revolving Fund as close to the break even point as possible.

6. Capital Assets

	2001			2000
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Office & audio/visual equipment	$ 20,712	$ 18,065	$ 2,647	$ 1,085
Computer hardware/software	872,539	801,466	71,073	116,618
	$ 893,251	$ 819,531	$ 73,720	$ 117,703

Amortization provided in the financial statements for the current year amounted to $55,194 (2000 - $107,418)

7. Net Change in Working Capital Items Related to Operations

	2001	2000
(Decrease)/increase in accounts receivable	$ 12,029	$ (2,327)
(Decrease)/increase in prepaid expenses	858	(3,331)
(Decrease)/increase in inventories	4,649	5,836
Decrease/(increase) in accounts payable	(76,142)	13,349
Decrease in unearned revenue	16,763	20,400
	$ (41,843)	$ 33,927

8. Amount Reported in Public Accounts

The net recovery of the Revolving Fund reported in the Public Accounts is the net income/(loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	2001	2000
Net income/(loss)	$ (57,498)	$ 48,583
(Increase)/decrease in inventory balance	(4,649)	(5,836)
(Increase)/decrease in net capital assets	43,983	64,360
Amounts not included in Public Accounts, due to timing	(15,714)	(69,775)
(Net financing requirement)/recovery, reported in the Public Accounts	$ (33,878)	$ 37,332

9. Related Parties

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

	2001	2000
Telephone	$ 29,196	$ 34,306
Postage	80,003	55,497

Other transactions with related parties and amounts due to/from them are described separately in the financial statements.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing and certain administrative costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision is reflected in these financial statements.

10. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

11. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable and accounts payable. Due to their immediate or short-term nature, the fair value of these instruments approximates the carrying value.

The fair value of the accumulated net expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.

12. Restatement of Prior Year's Results

The comparative figures for the 2000 year have been restated to record unearned revenue that was previously unrecorded. The unearned revenue consists of tuition fees, which will be recognized as revenue when the services are provided. The effect of the restatement is as follows:

	2001	2000
Increase in unearned revenue	$ -	$ 383,281
Increase in tuition revenue	-	20,400
Decrease in accumulated net expenditure beginning of the year	(403,681)	(403,681)
Increase in accumulated operating surplus beginning of the year	20,400	-